MOBILE HOME
TASK FORCE REPORT

April 1990

PROVINCE OF BRITISH COLUMBIA

90-04740/

The Honourable Norman Jacobsen
Minister of Labour
and Consumer Services

I am pleased to submit the report of

the Mobile Home Task Force for your consideration.

The Honourable Carol Gran
Minister of Government Management
Services and Minister responsible
for Women's Programs

Chairman of the Mobile Home
Task Force

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EXECUTIVE SUMMARY

The B.C. Mobile Home Task Force was appointed by the Minister of Labour and Consumer Services in the summer of 1989 to examine issues relating to mobile homes (or manufactured homes) including the future demand and availability of rental sites in British Columbia, proposals for increasing the supply of those sites and manufactured home pad tenancy concerns.

The task force examined the desirability and affordability of manufactured home living as a housing alternative and determined that it provided a highly attractive option for seniors and persons with limited incomes. However, in some parts of the province, particularly the lower mainland, recent pad rental increases are a source of anxiety for some home owners. Home owners are also concerned that park owners could require home owners to relocate with only six months notice where the park owner elects to change the use of land from a manufactured home park to another purpose. Home owners consider this a hardship in many parts of the province given the expenses involved in moving a manufactured home and the lack of other sites to move to.

Home owners generally want more control over matters such as rent increases, change of use of park land, and park rules regulating their conduct. They are also concerned with the perceived lack of government assistance to manufactured home owners and with the method of taxing their homes and the rented pads they occupy.

The task force makes a number of recommendations to assist home owners. These recommendations include consideration being given to provide Crown land for site development, the creation of a voluntary dispute resolution process to help resolve landlord/tenant conflicts, inclusion of manufactured homes in various government assistance programs, more thorough disclosure by landlords and an increase in moving expenses provided by landlords for tenants evicted due to change of land use. Additionally, the task force recommends that a campaign be mounted by manufactured home interest groups to inform the public about the value of manufactured homes as a housing option.

The task force concludes that manufactured homes can provide an affordable and attractive residency option for many people, though this attractiveness is endangered by what home owners perceive as "unwarranted" rent increases by park owners. The task force further concludes that municipalities should be encouraged to allow further development, given the need for more sites in British Columbia.

MOBILE HOME TASK FORCE REPORT

A. Introduction

Mobile home living has been a residential housing option in British Columbia for the last two decades. Generally, a person purchases a mobile home and then rents a site (a pad space) in a mobile home park on a month to month basis. In this way, a mobile home owner is both a home owner and a tenant. It is possible for a mobile home owner to also buy his own site and place his mobile home on it thereby becoming solely a home owner. It is equally possible for a person to rent both the home and the pad and thereby be solely a tenant. However, the usual mobile home, residential scenario in British Columbia is for a home owner to rent pad space in a rental park on a month to month basis.

It is this hybrid of home ownership and tenancy that is at the root of the main difficulty experienced by mobile home owners. They are encumbered by an asset, their dwelling, that can be both expensive to move and, given a lack of pad spaces in some parts of the province, difficult to relocate to another site. Unlike the usual tenant of rental premises who can more easily and, generally, less expensively leave an unsatisfactory rental situation, a mobile home owner is less able to simply pack up and go elsewhere.

Late in 1987, the United Mobile Home Owners Association presented a brief to the provincial government outlining their membership's concerns relating to mobile home living in British Columbia.

The B.C. Mobile Home Park Owners Association and the Manufactured Housing Association of B.C. prepared responses to the submission and also presented these to the provincial government. These reports initiated a number of discussions between these groups and officials in the Ministry of Labour and Consumer Services. In July of 1989 the Minister of Labour and Consumer Services, the Honourable Lyall Hanson, called for the creation of a task force to look into a number of issues raised by the home owner, park owner and the manufactured housing industry's interests.

B. Membership & Terms of Reference

Mrs. Carol Gran, MLA, for Langley, was asked to chair the task force. The other 11 members were selected for their expertise and familiarity with the issues and are highly representative of a variety of interests in the mobile home living sphere. They are:

*Mrs. Margaret E. Sturrock of Victoria, founding member and past president of the United Mobile Home Owners Association.

*Mr. Chet Crellin of Surrey, president of the United Mobile Home Owners Association.

*Ms. Vi Tkachuk, executive director of the Manufactured Housing Association of B.C.

*Mr. Larry Fisher, businessman and Surrey park owner.

*Mrs. Gale Muller of Vancouver, business manager of the B.C. Mobile Home Park Owners Association and park owner.

*Ms. Sherry Baker, Chilliwack alderman, representing the executive of the Union of British Columbia Municipalities (UBCM).

*Mayor John Beales, of Langley, also representing the UBCM.

*Mr. Ted Callahan, businessman and park owner from Kelowna.

*Mr. John Eastwood, general manager, Park Georgia Realty Ltd., representing the B.C. Real Estate Association.

*Mr. James Walker of Penticton, a director of the United Mobile Home Owners Association.

*Mrs. Louise Armstrong of Coquitlam, treasurer of the United Mobile Home Owners Association.

Additional staffing and support was provided by the Ministry of Labour and Consumer Services.

The task force terms of reference were defined as follows:

1) To examine future demands for mobile homes and availability of rental supply;

2) to make proposals to increase the number of rental pads available in high demand areas, including proposals for cooperative action by provincial and municipal governments; and

3) to review existing issues relating to mobile home pad tenancies and change of use of mobile home parks, proposing changes to the Residential Tenancy Act, or other solutions.

The task force members prefer the term "manufactured home" as a more accurate description of this type of dwelling. This report will use this preferred term from this point on.

C. Issues

I. LIFESTYLE/HOUSING OPTIONS

1. Attractive and Affordable Housing

a) For Seniors

Senior manufactured home residents emphasized how attractive and affordable a housing option manufactured homes were for them. Manufactured homes provide an independent residence with a separate, easily maintained yard and individual garden area, small enough to be manageable but highly comfortable, sometimes even luxurious.

Additionally, many parks, especially those catering to seniors, have amenities such as central recreational facilities or scheduled social events that are particularly attractive to seniors. Many older people also appreciate the park buffers or fences that separate them from the larger community because they perceive it to offer an additional measure of security. Many seniors living in manufactured home parks are highly satisfied with the solid sense of community they derive from living in the parks and characterize their decision to live in a manufactured home park as a choice based on lifestyle.

They also, in many cases, consider purchased manufactured homes on rented pads to be a more affordable housing option than condominiums and townhouses. This perception is changing however, in those areas, particularly the lower mainland, where

monthly pad rentals are currently in the $200 to $450 range.

b) Affordable Housing for Those on Limited Incomes

Manufactured home living is perceived by the task force members as being potentially affordable housing, though less so in some of the more luxurious parks of exclusively modern, double wide homes where pad rentals can be $350 to $475 per month. However, in many parks, particularly those outside the lower mainland, a person could purchase a used home for approximately $20,000 and place it on a pad with a rental of less than $200 a month. This can provide manageable housing costs for limited income residents, including seniors on fixed incomes. However, it is important to note that, as with other forms of housing, inflation could make this a less affordable option in the future.

c) Starter Homes for Young Families

One particular group referred to in a number of submissions was the young family interested in home ownership. In some parts of the province housing once considered "starter" housing is non-existent, given the rapid increase in real estate prices. Manufactured home living enables a young family to purchase a home that is financially viable and allows them to reside in it at a reasonable cost while gaining some equity. Given that manufactured homes, as a rule, depreciate over time rather than appreciate (though in the last few years some homes, primarily those in lower mainland area parks, have appreciated in value), the gain in equity is generally modest. However, it does provide some gain while simple renting does not. Additionally, if a manufactured home is in a strata-title or co-operative park, there is the potential for a considerably greater gain in equity, either for the individual as a lot owner or the co-operative association as park owner.

II. LANDLORD/TENANT CONCERNS

2. Rent Increases

The issue of rent increases is a primary concern of home owners. Many home owners feel vulnerable to what they perceive as significant pad rental increases. While many home owners respect the park owners' desire to make a fair profit on their investment, they feel that pad rental increases in the last

several years have made manufactured home living increasingly expensive. Home owners would like a measure of control over these increases.

One way to give home owners more control is by making more pad units available. By increasing the supply of pad units, and these need not be rental units, home owners will have a greater choice as to where to situate their homes. Presently, home owners feel unable to dispute a rent increase because they have no other pad units in the same vicinity to move to. The more options a home owner has, the more clout he will have in keeping rents from increasing.

The possibility of a voluntary mediation/dispute resolution process to deal with rent increases was discussed by the members. Representatives from the B.C. Mobile Home Park Owners Association and the United Mobile Home owners Association discussed the possibility of forming a committee which could look at rental increase disputes and offer information, guidance and mediation assistance. This process would not provide for a binding decision on the parties, but could have persuasive power.

Recommendation #1 Representatives from the United Mobile Home Owners Association and the B.C. Mobile Home Park Owners Association should form a committee to consider the development of a body that would provide mediation and dispute resolution services to manufactured home owners and manufactured home park owners wishing assistance with rental increase disputes. Further, the provincial government should take steps to ensure the effectiveness of this voluntary dispute resolution process.

All the task force members supported the concept of a voluntary dispute resolution process, but the home owner representatives were of the view that, should a voluntary system be ineffective, the provincial government should be prepared to take appropriate measures. The home owners suggested a system of rent review whereby government appointed arbitrators would have the power to roll back "unwarranted" rent increases.

3. Security of Tenure

Security of tenure is another major issue for home owners, and is sometimes tied to the concern with rent increases. Many tenants fear that a constant escalation of rent will make continued occupation in a park financially impossible.

Another important aspect of security of tenure is the tenants' fear that a change in the use of the land of a manufactured home park will lead to the eviction of tenants. Tenants feel vulnerable to evictions for change of use of land because it is expensive to move a manufactured home and, with the current lack of new pad developments, it is difficult to find another location to move to.

Given the substantial investment a home owner has in his accommodation, and the difficulty in moving it, manufactured home owners lack the same mobility that other rental tenants have. The Residential Tenancy Act provides for a notice of six months being given to manufactured home owners where there will be a change of use of park land. Home owners are concerned that six months notice is insufficient given the expense and difficulty of moving their homes.

However, the present procedure for rezoning land through a municipal council is a time consuming process. Notice must be posted in advance and hearings are held which include submissions from municipal constituents who may have an interest in that particular rezoning application. This process may take from one to two years to complete. During that time home owners with concerns about the change of use of their park are provided with a forum to make those concerns known to the municipality. Municipal officials, having received the submissions of the park owner and other interested parties, then make a decision concerning the appropriateness of the rezoning application. In this way, there is a considerably longer period of notice to home owners. However, this notice can be made more effective if a park owner were to directly advise all home owners in the park of the application to the municipality for change of land use when that application is first made.

There is also concern about the present statutory requirement that landlords evicting manufactured home tenants for a change of use of land, pay up to $1,000 for actual moving expenses. This amount is considered inadequate by home owners who point out that the move of a manufactured home, in some cases, may exceed inclusive costs of $10,000. These inclusive costs comprise expenses for transportation, permits, insurance, dismantling and reassembling the home and site restoral. The members agreed that the statutory limit should be raised to $3,000 in order to better assist home owners.

Recommendation #2 The Residential Tenancy Act should be amended to require park owners to advise home owners of an application for change of use of rented property at the time the application for rezoning is first made.

Recommendation #3 The Residential Tenancy Act Regulations should be amended to require a landlord, who has given a manufactured home owner renting pad space notice of termination, to pay the home owner actual and reasonable moving expenses up to a maximum prescribed amount of $3,000.

4. Separate Manufactured Home Renters Legislation

Home owners, given their status as renters with a substantial investment in their premises, are concerned that their needs are not being adequately met by the current Residential Tenancy Act. The Act does include manufactured home concerns that are distinct from standard tenant concerns. However, many issues relating to tenancy agreements between manufactured home owners and park owners are parallel to regular tenancy concerns. It is considered redundant to develop entirely separate legislation, but where specific issues relating to manufactured homes require additional attention, they should be included in the Act.

5. Park Rules

Home owners recognize the value of park rules in maintaining an orderly and comfortable park. However, they have two particular concerns with rules in the tenancy agreements offered by park owners. The first concern is that some rules are unreasonable. For example, the rule that stipulates that the park owner is to act as the exclusive sales agent of the home owner's home and receive an appropriate commission is considered unreasonable.

The second concern is that park rules can be unilaterally changed or waived by park owners without consultation with home owners. This ability to unilaterally waive or change park rules is sometimes included as a term of the residency agreement.

The Residential Tenancy Act specifically provides for the enforceability of rules in tenancy agreements. Such rules must be "reasonable" to be enforceable

and "reasonable" is defined in the Act. Given the Act's definition of reasonable, both the provisions noted would likely be found unreasonable and therefore unenforceable.

The possibility of legislation being developed to require park owners to ensure that such terms not be included in tenancy agreements was raised. However, there does not appear to be a need for such legislation at this time.

6. Leases

The issue of leases, as a security of tenure issue, is also an important matter to home owners. The current standard tenancy agreement between a park owner and a home owner is a month to month lease agreement. Home owners consider this a difficult arrangement given the large investment (generally between $15,000 to $100,000) they have made in their residential premises. However, as noted in the section of this report on security of tenure, the six month requirement prior to eviction, does in effect provide the equivalent of a six month lease.

A lease negotiated between the parties, particularly a long term lease, would give home owners additional security, may assist in better financing terms when purchasing a manufactured home, may establish some security with respect to rent increases, and should assist in developing a more positive image of manufactured homes given their more permanent situation.

A lease situation would also be beneficial to park owners. Not only would park owners benefit from the improved image of manufactured homes more permanently placed on park sites, but they could also assure themselves in advance of pad occupancy. This guaranteed pad occupancy could benefit them in negotiating better financing terms.

Recommendation #4 The Residential Tenancy Act should be amended to provide that manufactured home tenants are offered the option of a lease when entering into a manufactured home pad tenancy.

Another issue relating to leases is the concern that leases for manufactured home park tenancy on Indian Reserve land require ministerial approval to be valid.

Therefore, people entering into a lease agreement for a manufactured home pad tenancy on Indian reserve land should ensure that there is legal authority for the tenancy by having their lawyer confirm approval of the lease by the Minister of Indian and Northern Affairs.

7. Arbitration/Dispute Resolution Process

Some disputes between landlords and tenants are currently covered by the Residential Tenancy Act. These include repair and service orders, concerns regarding locks and access, rental increases designed to evict tenants, and various issues relating to termination of the tenancy relationship.

However, there are other disputes that arise between home owners and park owners which do not fall within the jurisdiction of the Act. These are disputes relating to the interpretation, application and enforceability of park rules which may not result in termination but are a source of conflict and frustration to home owners. The possibility of a voluntary mediation, dispute resolution process to deal with rental increase disputes has already been raised in this report. This dispute resolution model could be expanded to include other disputes arising between home owners and park owners.

Recommendation #5 The committee identified in Recommendation #1 should consider having the voluntary mediation and dispute resolution body also provide their services to home owners and park owners wishing assistance with conflicts of a landlord/tenant nature not presently covered by the Residential Tenancy Act.

Home owners also express concern that the present Residential Tenancy Act does not provide for a "class action" type or multiple party application. Presently, only an individual tenant can make an application and an arbitrator's order is only binding with respect to that single tenant. The members recognize the standard judicial and administrative concerns with multiple party applications. They suggest that a way to accommodate the smooth administration of the process and the needs of tenants would be to extend the time allowed for application for an arbitrator where an application on the same matter concerning the same landlord had already been made. Presently, a potential applicant has an

allotted time of 5 to 15 days to make an application after the date a notice of termination is given. This means that if a person waits for an identically situated tenant to have his termination notice reviewed, the time allowed to make an application will have run out. By amending the Act so that the time limit does not begin to run until after a first decision is made, a decision in favour of the first applicant would encourage the landlord to treat other tenants, identically situated, in the same manner ordered by the arbitrator for that first applicant. If the landlord does not, those remaining tenants would have the right to apply for arbitration within a specified time limit after that first decision had been made. However, an arbitrator hearing the cases of subsequent applicants, would not be bound by the earlier decision and could come to a different conclusion than the first arbitrator.

Recommendation #6 The Residential Tenancy Act should be amended so that the time limit to make an application for an arbitrator may be extended where an identically situated tenant has already made an application on the same matter against the same landlord. In such cases, the subsequent, identically situated tenant's time limit to apply would not begin to run until after the decision concerning the first tenant had been made.

III. TAXATION ISSUES

8. Provincial/Municipal Taxation

Home owners and park owners share a number of concerns with respect to provincial property taxation.

Briefly, taxation of real property in British Columbia is handled in the following manner. The B.C. Assessment Authority, an autonomous Crown corporation, assesses the value of real property, based on actual value, and then records that assessment on its rolls every two years. This information is provided to the taxing authority (generally the municipality) which then applies its prescribed rate of taxation to the assessed property.

Home owners and park owners are concerned about one of the methods of assessment of real property believing that, in some cases, it may lead to inflated pad rents. This method of property assessment consists of evaluating the potential revenue that can be derived

from a park. Given that this is based on perceived potential revenue rather than current revenue, this means that a park owner offering pad rents at less than the market can bear, but enough to satisfy himself, will be taxed at the same rate as a park owner renting at an optimum market amount. The members felt that this type of property assessment could force an owner to increase his rents in order to meet the tax demands based on revenue potential. This rent increase, by establishing a new current rate, could then act to raise the potential revenue to be derived from the property and would result in a higher assessment when the property was next assessed. The result of again raising rents would be repeated, thereby creating a spiral effect of constantly increased rents.

While formulating a more equitable tax system is clearly outside the expertise of this task force, the members feel that the current Provincial Property Tax Forum should be advised of their concerns.

Recommendation #7 The Mobile Home Task Force is concerned about the current property assessment formula which assesses property value based on perceived potential revenue rather than actual revenue. The task force asks that the Provincial Property Tax Forum consider this concern as part of its deliberations.

Another taxation issue of interest to home owners in particular, is the perception that home owners are doubly taxed.

In British Columbia, the Mobile Home Tax Act deems a manufactured home to be real property for the purposes of taxation. The land the manufactured home sits on is also assessed, and the owner of the land is taxed as well. Currently, there is a minimum tax payable by home owners. Seniors must pay at least $100 per year, while non-seniors must pay at least $350 per year. While a manufactured home owner is able to receive the Home Owners Grant, the grant cannot reduce the tax payable below the minimum amount. Therefore, even where the grant might counter the tax claim altogether, a home owner must still pay the minimum tax.

Home owners are concerned that they pay the annual tax on their property, the manufactured home, and then continue to pay tax on the property the home sits on through their monthly pad rental.

While it is true the home owner pays directly and indirectly these two taxes, the full amount paid is generally not more than what would be paid for a standard home on owned property of equal assessed value or in a standard rental accommodation. In effect they pay partial tax as a home owner and partial tax as a renter making for a full taxation load rather than a double taxation load.

9. Crown Land Tax Issues

Crown land, federal, provincial and land held in trust for Natives (Indian Reserve land), is taxed differently than other real property. The formula for taxation of manufactured homes on Crown land, as required by the B.C. Assessment Act, is that a manufactured home owner is taxed directly, not only on the home itself, but also on the land over which the owner exercises occupier control. Basically, this includes the pad and surrounding yard area. Therefore, an occupier pays tax on the property he owns and on the property he rents directly.

IV. GOVERNMENT ASSISTANCE

10. Government Programs

a) SAFER

The task force members are concerned that elderly manufactured home owners on fixed incomes who rent pad space are ineligible for the Shelter Assistance For Elderly Renters (SAFER) grant.

The Ministry of Social Services and Housing administers the SAFER program. This program assists elderly (60 years and older) renters by topping up their rental payments so that they need not expend more than 30% of their income on rent. The rationale for exclusion of manufactured home owners is that they own their own home and so cannot qualify for rental assistance.

While it is true that a manufactured home owner does indeed own his own home, ownership does not guarantee him shelter any more than any other possession does unless he has a pad to place it on. Most manufactured home owners rely on rental pads.

Increases in pad rents over the last several years in some parts of the province has proven to be a hardship to some elderly manufactured home owners on fixed incomes. The task force members unanimously agree that the Ministry of Social Services and Housing should review its decision to exclude manufactured home owners renting pad space.

Recommendation #8 **The Ministry of Social Services and Housing should review the current SAFER legislation and policy and consider the inclusion of manufactured home owners renting pad space where they otherwise meet the SAFER criteria.**

b) Other Provincial Housing Program/Initiatives

The task force members are concerned that there are other provincial programs and initiatives designed to assist either renters or home owners that exclude manufactured home owners because they are a hybrid of the two.

Of particular importance to manufactured home owners are these initiatives and programs falling into the following categories:

1. Rental assistance programs;
2. Rental supply programs; and
3. Home ownership programs.

1. Rental Assistance programs:

(a) Non-profit social housing programs - British Columbia Housing Management Commission (BCHMC)
This program assists non-profit societies, co-operatives, and public agencies to provide housing for low-income British Colombians. Tenants pay 30% of their income as rent. A subsidy makes up the difference between the cost of the facility and the rent paid by the tenants.

(b) Rent supplements - BCHMC

Rent supplements make up the difference between market rents and rent paid by tenants. Rent paid by tenants is 30% of income.

(c) Special facilities program - BCHMC

This program assists non-profit societies in providing housing for disabled adults who need on-site care. A subsidy makes up the difference between the cost of the facility and the rent paid by the tenants.

(d) GAIN (Guaranteed Available Income for Need) Ministry of Social Services and Housing (MSSH)

A shelter allowance available to people in need.

(e) SAFER (Shelter Aid for Elderly Renters) - MSSH

Provides shelter assistance for seniors (60 and over) on low to moderate incomes who pay more than 30% of their incomes on rent.

(f) Renters' Tax Reduction - Ministry of Finance and Corporate Relations (MFCR)

A provincial tax reduction for moderate income renters.

(g) BCHMC Managed Housing - BCHMC

Units of public housing provide affordable housing for low income seniors and families.

2. Rental Supply Programs

(a) Land acquisition program - BCHMC

The Government Land for Housing Task Force is identifying government land which can be made available for rental housing developments.

(b) BC Rental Supply program - BCHMC

This program assists in financing rental housing by offering interest assistance to developers. The purpose of this program is to expand the supply of rental stock in low vacancy areas.

(c) Non-profit housing for seniors (grant program) - BCHMC

This program provides matching start up grants of up to $20,000 to non-profit societies in developing unsubsidized seniors' housing.

(d) Municipal Incentive Grants - Ministry of Municipal Affairs, Recreation & Culture (MMARC)

Three types of grants are available to municipalities to encourage the development of multiple rental housing.

(i) Rental Housing Strategy Grants providing up to $10,000 for preparation of rental housing strategies.

(ii) Rental Housing Implementation Grants that provide up to $15,000 for amending official community plan and base building bylaw to enable and encourage development of multiple dwelling rental housing.

(iii) Development Incentive Grants that provide $1,500 for each unit of multiple dwelling rental housing approved for construction within four months of application; $2,500/unit if approval includes an increase in density of 50% or greater.

3. Home Ownership Programs

(a) Home Owner Grant Programs - MMARC

This program offers a tax reduction of $430.00 for home owners. The reduction for seniors, the disabled and other "special needs" groups is $700.00. However, the Home Owner Grant cannot lower the tax owed below the minimum limit. Minimum tax is $350.00 for most home owners and $100.00 for seniors. This applies to manufactured home owners.

(b) Land Tax Deferment Programs - MMARC

British Colombians, 60 years and older may

opt to defer property taxes. Taxes owing must be paid when the property changes hands or ceases to be the owners' principal residence. This applies to manufactured home owners.

(c) Property Purchase Tax Relief - Finance and Corporate Relations (MFCR)

Property purchase tax (1% of the purchase price) may be reduced for British Colombians who do not have a large down payment.

Some of the government programs listed do include manufactured homes as receiving the benefits of the program and these are noted. However, most programs were conceived and developed without consideration for manufactured home living. Because they were not considered, they are neither specifically included or nor excluded. The task force members believe that the relevant government ministries and agencies should be advised of the issues surrounding manufactured homes with a view to including them in these government programs.

Recommendation #9 Relevant provincial government ministries and agencies should review their legislation and policy concerning housing assistance and consider the inclusion of manufactured homes where such inclusion is appropriate.

V. SALE

11. Sale of Manufactured Homes

The task force members are concerned that the legislative mechanism in place for controlling the sale of manufactured homes is inadequate. At one time, it was considered appropriate to have dealers of manufactured homes licensed and regulated by the Motor Dealers Branch, given that the homes were equipped with wheels, were transported along public highways, and were considerably more "mobile" than manufactured homes are today. However, though the character of manufactured homes has changed, the legislation has not. Under the Motor Dealer Act, a properly registered dealer may engage in the business of selling various motor vehicles and manufactured homes. The Act does not require any additional registration, licensing, training or bonding of sales people operating on the dealer's behalf.

The current Mobile Home Act contains two unproclaimed provisions (Section 56 and 57) pertaining to the registration of dealers and sales people selling manufactured homes. Appropriate amendments to the Real Estate Act had been provided for, but those provisions are also unproclaimed.

The Real Estate Act defines real estate to include "leasehold, an estate or interest or charge less than the fee simple, (mobile home), a business, and the good will and assets of it, and an interest, partnership or share in a business, or in the good will or assets of it." This would not automatically include a manufactured home (since that bracketed portion is not proclaimed in effect), unless the manufactured home included a leasehold interest or other "interest" as required by the Act. A manufactured home sold from a sales lot does not involve a leasehold or other interest in land. A home sold in a rental park generally involves the standard month to month tenancy agreement for pad rental bringing such a transaction under the authority of the Real Estate Act. However, a regulation was passed in 1988 which exempted motor dealers selling manufactured homes from the relevant requirements of the Real Estate Act where a interest in land of one month or less was involved.

Therefore, motor dealers may continue to deal with the sale of manufactured homes where there is no interest in land involved (sale from a lot), or where the interest in land is one month or less (most rental park tenancy agreements). Real estate agents may deal with the sale of manufactured homes where there is a leasehold or other interest in land involved.

Discussions between representatives of the Manufactured Housing Association and the Real Estate Board concerning the development of a training course relating to the sale of manufactured homes has been ongoing. Real estate and manufactured housing representatives agree that the sale of manufactured homes, while requiring some training, need not be as intensive a training program as that required for fully trained real estate agents.

Recommendation #10 The Minister of Labour and Consumer Services should initiate a review of the current legislation concerning the sale of manufactured homes and prepare a detailed recommendation concerning an appropriate legislative scheme that would fully protect consumers.

Home owners are also concerned with two selling practices prevalent in the sale of manufactured homes. One is the contractual requirement to purchase a home from a specific dealer in order to rent pad space in a particular park. Park owners advise that such a contractual requirement ensures an attractive and orderly park atmosphere valued by park residents.

The other selling practice of concern to home owners is the park development charge component in the price of a manufactured home purchased from a specific dealer. In some cases, where a potential home owner buys a home from a specified dealer, as required by the park owner in order to gain entrance to that park, the purchase price is higher than it would be if the home were being purchased to place in a non-specified park. This additional fee, often in the $2,000 to $6,000 range, is generally considered a development fee to defray the cost of developing and servicing the park.

The task force members agree that these practices should be clearly disclosed to the home owner prior to sale.

Recommendation #11 **Disclosure should be made specifically applicable to all contracts for sale of manufactured homes, and all contracts for lease of manufactured home pads including:**

a) a park development charge component must be clearly and separately noted apart from the actual price of the manufactured home where such a charge exists; and

b) the requirement that a manufactured home be purchased from a specific dealer as a condition of entry to a park must be clearly noted.

Another issue relating to the sale of manufactured homes was raised by the representative of the B.C. Real Estate Association. The current Residential Tenancy Act, section 12, provides for a landlord to allow or disallow a change of tenancy. When dealing with the manufactured home situation, this means that in some cases a home owner may sell his home to a purchaser on the purchaser's understanding that the home will remain in the park. However, it is the right of the landlord to disallow the new purchaser from being able to reside in the park as a tenant. This power to disallow

the tenancy could effectively invalidate the sale of a manufactured home where the purchaser bought the home expecting the tenancy to be continued.

While the members agreed that this practice served to control the character of the park to the benefit of the other park tenants, there was a concern that an otherwise valid sale could be overturned where a park owner, on reasonable grounds, refused to consent to the new owner becoming a park tenant. The Real Estate Association representative considered that this vital information should be included in contracts for sale by real estate agents.

Recommendation #12 **The B.C. Real Estate Association should take steps to advise its members of the provision of the Residential Tenancy Act which allows a park owner to reasonably refuse to consent to assign a home owner's interest in the tenancy agreement to the new purchaser of the home. Real estate agents should ensure that an appropriate condition precedent be included in contracts for sale of manufactured homes.**

VI. FUTURE DEMAND FOR MANUFACTURED HOME PARKS

12. Rental Parks

Rental parks are by far the most prevalent form of manufactured home park in British Columbia. Some members expressed the concern that given the exceptional monetary investment the home owner has in his home, compared to other renters of residential property, and the increasing costs associated with the development and servicing of rental parks in some areas in the province, particularly the lower mainland, rental parks for occupier owned manufactured homes are becoming a less viable form of housing.

Another concern associated with the future development of parks is the reluctance of municipalities to allow such development. Manufactured home developments are frequently perceived as less attractive additions to the municipal community plan, expensive to service and unable to generate adequate tax revenue to justify their existence, especially when compared to other forms of high density housing. Municipal governments are less likely to permit manufactured housing developments than they are other varieties of housing.

These municipal image issues are part of the general

negative image problem of manufactured homes and may be rectified through the implementation of **Recommendation #15.**

Other members advised that, despite the landlord/tenant problems with rental parks in some parts of the province, there would continue to be a need for rental parks, particularly for people with limited incomes unable to afford land for their homes and those more transient people whose homes were truly "mobile". Additionally, there are home owners who simply prefer to rent space rather than own it.

13. Co-operative and Strata-Title Parks and Manufactured Home Subdivisions

Alternatives to the standard rental park arrangement include co-operative and strata-title parks and manufactured home subdivisions. Though the number of such parks are difficult to ascertain, there appear to be few of these developments currently operating in the province.

a) Co-operative Parks

Co-operatives can be governed by a number of provincial statutes including the Co-operative Association Act, the Company Act, and the Society Act. A co-operative association concerned with housing is generally formed to provide residency and possibly, related services to the association's members to benefit those members equally. It is the co-operative association that has the legal rights to the land (either ownership or occupation) and each separate occupier is an equal member of the association.

The term "co-operative", when used with respect to manufactured home parks, appears to cover a wide range of living arrangements. One example currently in existence is an arrangement where co-operative members have incorporated themselves under the Society Act. The society then purchased the land and has set up pad spaces. The "share-cost" paid by each new member is currently $1300-$1400. The members elect a board of directors, levy maintenance fees (currently approximately $200 a month) on themselves and employ a resident custodian and part-time business manager. This park has 162 units. Rentals of home and pad together as a single unit are permitted with the consent of the Board of Directors. Disputes between

dealt with primarily through discussion.

In another example of a co-operative park, a park contains 80 pads considered "co-op" and 26 pads rented out by the developer. Neither the developer nor the co-op members own the land. The developer holds a lease of 20 years with an option for a further five years.

There is a $5,000 "entrance fee" for all residents, renters and co-op members, and an additional $10,000 co-op membership fee. This membership fee gives the co-op member a guarantee of a 20 year lease, possibly 25 years. The co-op members also pay a monthly maintenance fee of $125. This fee has not increased significantly in the last several years, while rental fees have.

b) Strata-Title Parks

Strata-title parks are governed in part by the Condominium Act. Strata-title parks are generally structured so that each person owns his lot (pad) solely. Common property, common facilities and other assets of a strata-corporation are held by the owners as tenants in common in shares proportional to their lot entitlement.

It is the owners of these strata lots who constitute the strata corporation. The strata corporation is responsible for the enforcement of the bylaws and control and management of the common property, facilities and assets of the corporation.

A person wishing to own a lot in a strata-title park would usually pay for the lot and then continue to pay a maintenance fee. In one park that has a combination of self owned and landlord owned pads, the monthly maintenance fee for individual owners is $45 while monthly pad rental is $380. Individual lot owners listed the following advantages:

1) security of tenure;

2) security of having other home owners within the park;

3) stability of costs; and

4) shared facilities enhanced the park's sense of community.

community.

c) Subdivision Style Parks

This potential housing arrangement was raised by task force members as an alternative to the park concept. It would simply consist of a portion of a municipality subdivided so that each lot held a manufactured home rather than a standard home. This variety of subdivision could provide for an area of reasonably high density, single unit dwellings. It would be up to a municipality to consider zoning requirements that allowed for residences with specific dimensions - either single wide or double wide homes - to be placed in this subdivision.

14. Crown Land for Further Park Development

A number of members raised the possibility of having the government make Crown land available for mobile home development. There is currently a provincial task force examining the availability of Crown land for rental housing developments. The possibility of Crown land being made available for other manufactured home sites could also be considered.

Recommendation #13: The provincial government should review the use of Crown Land for the siting of manufactured homes.

The task force members from the United Mobile Home Owners Association are of the view that such site development on Crown land should not include rental park development. The park owner representatives are of the view that rental park developments are too valuable an option for many home owners, especially younger families outside the lower mainland area, to be excluded from Crown land site development.

VII. IMAGE CONCERNS

15. Image of Mobile Homes

A major concern of the task force was the issue of the image of manufactured homes and manufactured home dwellers. The members are concerned that the public views manufactured homes as being a transient, less desirable form of residence. As noted at the beginning of this report, the members agreed that the term "mobile home", while one time an accurate description of this type of dwelling, was no longer descriptive or appropriate. Modern "mobile homes" are seldom moved

more than once; that move is the initial move from the manufacturer to the park site. Once situated, it is seldom moved again.

Most newly manufactured homes are double wides (approximately 26 feet by 54 feet in size on average), have pitched roofs and, once properly skirted, situated and landscaped, are not easily distinguishable from a standard single dwelling unit residence. Many of the submissions emphasized the attractiveness of well planned, well maintained parks, and the pride individual home owners took in the comfort and appearance of their homes.

Recommendation #14 The term "manufactured home" should be substituted for "mobile home" in existing and proposed legislation and in the campaign referred to in Recommendation #15.

This change of terminology is considered by the task force to be integral to the education of the public about this type of residential lifestyle.

Home owners, park owners and the manufactured housing industry are concerned with the negative image held by members of the public, particularly municipal governments. They believe that this negative image impacts on them in the following ways:

1) The negative image held by municipal constituents causes them to exert influence over their elected representatives to keep manufactured home developments away from their own residences;

2) municipal officials, upon learning of the concerns of their constituents at public hearings, are less likely to allow the development of new manufactured home parks and may more readily permit operating parks to be zoned out of existence; and

3) the negative image may also be a factor in less attractive financing terms when purchasing a home. The task force members are concerned that mortgage rates on manufactured homes are higher, generally by 2 or 3 percentage points, than they are for standard homes. There appear to be 3 reasons for these higher rates. One is a lack of security of tenure. Financial institutions consider a mortgage on property that lacks security of tenure a higher risk investment. The second factor was the characterization of manufactured homes as a

depreciable asset. The final factor identified by the members was the negative image of manufactured homes held by personnel in financial institutions.

The task force believes that measures can be taken to improve the image of manufactured home living. The public, and municipalities in particular, can be educated to appreciate manufactured homes and manufactured home parks as a valuable component of the community plans of municipalities.

Recommendation #15 A campaign should be mounted by manufactured home interest groups to educate the public and municipal governments about the value of manufactured homes as a housing option.

Conclusion:

The Mobile Home Task Force members spent several weeks considering all the issues raised by their memberships, as well as the many written and oral submissions and petitions sent to the task force. Some of the general conclusions, the task force has drawn from its deliberations are:

1. Manufactured home living presents a viable residential option for many people, particularly seniors and other persons with limited incomes: however, a home owner perception of unwarranted rental increases by park owners could jeopardize that viability;

2. manufactured home living can provide a highly attractive, residential lifestyle which includes a strong sense of security and community;

3. the public needs to be educated about the value of manufactured home living as a viable and attractive residential option;

4. municipalities should be encouraged to allow for further manufactured home developments;

5. there is a need for more manufactured home site development in British Columbia; and

6. the scenario of a manufactured home owner also owning his site, either directly or through a co-operative association, should be encouraged.

RECOMMENDATIONS

Recommendation #1 Representatives from the United Mobile Home Owners Association and the B.C. Mobile Home Park Owners Association should form a committee to consider the development of a body that would provide mediation and dispute resolution services to mobile home owners and mobile home park owners wishing assistance with rental increase disputes. Further, the provincial government should take steps to ensure the effectiveness of this voluntary dispute resolution process.

Recommendation #2 The Residential Tenancy Act should be amended to require park owners to advise home owners of an application for change of use of rented property at the time the application for rezoning is first made.

Recommendation #3 The Residential Tenancy Act Regulations should be amended to require a landlord, who has given a manufactured home owner renting pad space notice of termination, to pay the home owner actual and reasonable moving expenses up to a maximum prescribed amount of $3,000.

Recommendation #4 The Residential Tenancy Act should be amended to provide that manufactured home tenants are offered the option of a lease when entering into a manufactured home pad tenancy.

Recommendation #5 The committee identified in Recommendation #1 should consider having the voluntary mediation and dispute resolution body also provide their services to home owners and park owners wishing assistance with conflicts of a landlord/tenant nature not presently covered by the Residential Tenancy Act.

Recommendation #6 The Residential Tenancy Act should be amended so that the time limit to make an application for an arbitrator may be extended where an identically situated tenant has already made an application on the same matter against the same landlord. In such cases, the subsequent, identically situated tenant's time limit to apply would not begin to run until after the decision concerning the first tenant had been made.

Recommendation #7 The Mobile Home Task Force is concerned about the current property assessment formula which assesses property value based on perceived potential revenue rather than actual revenue. The task force asks that the

of its deliberations.

Recommendation #8 The Ministry of Social Services and Housing should review the current SAFER legislation and policy and consider the inclusion of manufactured home owners renting pad space where they otherwise meet the SAFER criteria.

Recommendation #9 Relevant provincial government ministries and agencies should review their legislation and policy concerning housing assistance and consider the inclusion of manufactured homes where such inclusion is appropriate.

Recommendation #10 The Minister of Labour and Consumer Services should initiate a review of the current legislation concerning the sale of manufactured homes and prepare a detailed recommendation concerning an appropriate legislative scheme that would fully protect consumers.

Recommendation #11 Disclosure should be made specifically applicable to all contracts for sale of manufactured homes, and all contracts for lease of manufactured home pads including:

a) a park development charge component must be clearly and separately noted apart from the actual price of the manufactured home where such a charge exists; and

b) the requirement that a manufactured home be purchased from a specific dealer as a condition of entry to a park must be clearly noted.

Recommendation #12 The B.C. Real Estate Association should take steps to advise its members of the provision of the Residential Tenancy Act which allows a park owner to reasonably refuse to consent to assign a home owners interest in the tenancy agreement to the new purchaser of the home. Real estate agents should ensure that an appropriate condition precedent be included in contracts for sale of manufactured homes.

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Recommendation #15 A campaign should be mounted by manufactured home interest groups to educate the public and municipal governments about the value of manufactured homes as a housing option.